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## INVESTMENT DECISION ON THE LEVEL OF GENDER RELIGIUSITY

Rismanto Gatot Trisilo<sup>1</sup>, Paramitha Lea C<sup>2</sup>, Dandang Setyawanti<sup>3</sup>, Darwin T. Galleta<sup>4</sup>

<sup>3</sup> Management Department, Universitas Widya Dharma, Klaten, Indonesia<sup>1,2,3</sup>, Management Departmen, Don Mariano Marcos Memorial State University, City of San Fernando, Philippines<sup>4</sup>

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### Abstract

This research aims to be able to examine differences in individual investment behavior when faced with various kinds of investment choices based on the level of religiosity that each individual has, as well as deeper research on whether individual religiosity influences the attitude of sharia/SRI investment choices. Then the results of this study are based on the first financial criteria. In financial criteria, besides the level of religiosity, gender level is also a determining factor, namely men tend to have a higher level of confidence in making investment decisions than women. higher risk while women prefer to allocate funds to invest with lower risk. The second is Information Criteria, that STAIN and UNWIDHA students actually consider decisions in determining investments based on accurate information, and where information criteria play an important role as the basis for investment decisions

<sup>5</sup> Correspondence Address :  
Institution Address : Jl. Ki Hajar Dewantara No. Desa, Macanan, Karanganom, Kec.  
Kabupaten Klaten, Jawa Tengah 57438  
E-mail: [riesmku03@gmail.com](mailto:riesmku03@gmail.com)

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## INTRODUCTION

Investment is currently receiving significant attention from the public, especially with the abundance of news on television and social media discussing fraudulent investments by some individuals known as "crazy rich" in Indonesia. The public's knowledge of the intricacies of investments is acknowledged to be lacking or, in some cases, not studied before making investment decisions.

Individual investment decisions are influenced by various factors (Tandelilin, 2010), such as securing a better future life, hedging against wealth depreciation or inflation pressure, and reducing taxes. This research focuses on Shariah-compliant investment decisions because Islam also encourages investment, as mentioned in the Qur'an, QS Al Hasyr:18. In Islamic investment, it must adhere to Islamic principles to bring blessings to the family. The development of Shariah-compliant investment systems in Indonesia is recognized as a national effort to achieve a just and prosperous society based on economic democracy. This endeavor involves the active role of the government in developing the Shariah-based economic system, grounded in social justice, togetherness, equitable distribution, and benefits in line with Shariah principles (KDDPLKS, 2007).

The process of individual investment involves making investment decisions among several alternative investment options, considering the associated risks and potential returns. According to (Pratomo and Nugraha, 2005), there are three main investment objectives: fulfilling future needs, increasing asset value, and protecting existing assets from inflation. The investment process includes several stages, such as defining investment objectives, conducting analysis, forming a portfolio, evaluating portfolio performance, and revising portfolio performance (Ahmad, 1996).

During the analysis stage, investors conduct research by studying the economic conditions, financial reports of companies, and financial performance, assessing the magnitude of the risks. In the portfolio formation stage, assets are identified, selected, and the amount of funds to be invested in each asset is determined. Therefore, investment decisions involve the allocation of funds with the expectation of maximizing returns.

Previous research (Erna Retna Rahajeng, 2011) found that gender influences investment decisions in stocks, with men dominating and women being more cautious. However, another study by Siti M. Rosyidah and W. Lestari in 2013 showed that

religiosity does not significantly affect investment decisions and risk perceptions based on gender.

Given the above conditions, it is essential to understand the depth of religious understanding (religiosity) possessed by investors. This can be achieved by first examining the religiosity of investors using the approach proposed by Glock and Stark (2008), which identifies five dimensions of religiousness: religious belief, religious ideology, religious practice, religious feeling, and religious knowledge. Religiosity refers to a person's state, understanding, and adherence to a religion manifested in the practice of values, rules, and obligations, driving them to behave and act according to religious teachings in their daily life. In another sense, it is a comprehensive unit comprising religious knowledge, religious experience, religious behavior, and social attitudes towards religion. Thus, based on the previous research mentioned, there has been no investigation into individual Shariah investment decisions and religiosity levels based on gender. Therefore, we will conduct research on this topic. The research question in this study is, "Does the investor's decision regarding Shariah investment depend on their level of religiosity and gender?"

## **METHOD**

The participants or samples in this research are 50 male and female students from the Faculty of Economics and Business, fourth semester, at the State Islamic Institute (STAIN). Out of the 50 students, 25 are majoring in Management with a concentration in Islamic Banking Management, and the other 25 are taking courses in Islamic Finance and Investment Management. This study also includes a sample of students from Universitas Widya Dharma Klaten who are currently taking a course in Financial Management.

For data analysis purposes, the total number of participants is 80. However, not all data from the 80 participants can be used due to some reasons, such as errors in reading information, lack of seriousness in participating in the experiment, and misunderstanding of the conducted experiment. Analysis Techniques The analysis techniques used in this research are descriptive analysis, homogeneity of variance test, mean difference test, and conjoint analysis. Descriptive analysis is used to obtain a summary of respondent profiles' characteristics in understanding interpretations and further information tracing.

Homogeneity of Variance Test In the homogeneity of variance test, if two proportions are normally distributed, the standard deviation of each sample group will be examined.

Conjoint Analysis Conjoint analysis is used to determine the importance level of investment decision-making based on respondents' religiosity levels. Additionally, in the conjoint analysis, the research objects' preferences towards different levels of tested investment criteria will be examined. This analysis uses an ordinal scale from 1 to 5, where 1 indicates the least preferred choice of design and 5 indicates the most preferred choice.

## RESULTS AND DISCUSSION

This study involved a total of 67 students, consisting of students from UNWIDHA Klaten and students from the State Islamic Institute (STAIN), both from the Management program. The number of UNWIDHA students was 27, while the number of STAIN students was 40. The results of hypothesis testing and descriptive analysis aimed to determine the differences in each variable, namely religiosity and investment, within the two groups, categorized as very low, moderate, high, and very high.

To determine the appropriate interval range for the number of specified categories, interval value criteria will be used. The criteria used in this assessment are divided into several categories, such as faith-based religiosity, frequency-based religiosity, practice-based religiosity, and deed-based religiosity. These criteria are utilized to measure the level of religiosity based on gender, i.e., male and female. Similarly, to assess the investment variables, the interval values are divided into several categories, including financial criteria, general criteria, ethical and social criteria, and information criteria.

**Table 1.** Descriptive Religiosity Based on Gender (High vs. Low Religious)

Criteria	Men (REL 1)		Women (REL 2)		Dif Mean (%)	Gender				
	Mean	Rank	Mean	Rank		Men (REL 2)	Women (REL 1)	Men (REL 2)	Women (REL 1)	
<b>Faith</b>										
Always believe in God	4.6	1	4.8	1	-0.3*	5.0	1	4.5	1	0.5*
Trying to live according to religious teachings	4.2	3	4.6	3	-0.4*	4.8	3	4.2	3	0.6*
Always sure about the existence of death	4.6	1	4.7	2	-0.1*	4.9	2	4.4	2	0.5*

Feeling anxious about not having prayed when the call to prayer has resounded	4.6	1	4.4	4	-0.8*	4.5	5	3.9	5	0.7*
Really understand the Al-Quran and the meaning contained therein	2.7	12	3.6	10	-0.9	3.4	12	2.9	12	0.5*
Fully understand the rules contained in the beliefs held	3.7	5	4.0	8	-0.3*	3.5	11	3.9	5	-0.5*
<b>Frequency</b>										
Always come to places of worship	3.4	8	4.0	8	-0.6*	4.1	7	3.8	6	0.4*
Always carry out worship according to religious teachings	3.5	7	4.7	2	-1.2	4.7	4	4.1	4	0.6
Always attend religious events/activities	3.2	10	3.6	10	-0.4*	3.9	9	3.2	10	0.6*
Already carrying out worship in accordance with the pillars of Islam and the pillars of Faith	3.4	8	4.1	7	-0.7	4.3	6	3.7	7	0.6*
Give alms regularly for religious purposes	3.3	9	3.8	9	-0.5*	3.7	9	3.4	9	0.3*
<b>Practice Aspect</b>										
Always ask what religious leaders have taught	3.3	9	3.8	9	-0.5*	3.7	9	3.5	8	0.3*
Always argue when getting new information about religious teachings	3.4	8	3.8	9	-0.4*	3.7	9	3.1	11	0.7*
Feeling anxious about not having prayed when the call to prayer has resounded	3.6	6	4.4	4	-0.8	4.5	5	3.9	5	0.7*
Regular prayers at the mosque	2.8	11	3.5	11	-0.7	3.3	13	2.9	12	0.3*
Have you ever committed an act that according to you was wrong or was	3.4	8	3.4	12	0.0*	3.6	10	3.4	9	0.3*

not accepted by religion									
<b>Aspects of Worship</b>									
Always practice religion	4.0	4	4.2	6	0.2*	- 4.3	6	3.8	0.6*
Routinely perform sunnah prayers before obligatory prayers	2.7	12	3.3	13	0.6*	- 2.8	14	2.8	0.4*
Believe that everything that is done in business, fully complies with the principles of religious teachings	3.2	10	3.8	9	0.6*	- 4.1	7	3.9	0.2*
When you get into trouble, you feel you often get help from God	4.3	2	4.3	5	0.0*	- 4.7	4	3.9	0.8

Sources : processed data (2022)

In Table 1, an attempt was made to compare men with high religiosity and women with low religiosity, as well as men with low religiosity and women with high religiosity, to determine in which criteria these two groups show significance. The results above indicate that for men with low religiosity and women with high religiosity, there is significance in criteria 1, 2, 3, 4, and 6 in the faith category. Interestingly, in the group of men with low religiosity and women with high religiosity, all criteria in the faith category show significance. The same pattern is observed in the frequency and practice aspects. As for the deed aspect, three out of four criteria show significance for both men with low religiosity and women with high religiosity, except for the last criterion, which is about feeling the help of Allah during difficult times.

On the other hand, when comparing men with high religiosity to women with low religiosity, specifically in the second criterion of religiosity, which is the frequency aspect, they only show significance in three out of six criteria in this aspect. In the practice aspect, they show significance in three out of five criteria. As for the deed aspect, both groups, men with high religiosity and women with low religiosity, show significance in all five criteria. This indicates that the practice criterion is essential in the religiosity criteria for both groups based on gender.

**Table 2.** Investment Criteria

Investment Criteria	REL 1	REL 1	REL 2	REL 2	(L)	(P)
	v REL 2	L v P	L v P	L v P	REL 1 v REL 2	REL 1 v REL 2
<b>Financial Criteria</b>						
Conduct investment transactions in conditions where the stock price index is above the average and sell shares if the stock is below average	1.3*	-1.1*	-1.0*	-0.5*	0.6*	1.3*
Invest by considering and seeing the good ranking of companies in financial analysis	0.7*	-0.4*	-0.5*	0.3*	-1.1*	0.8*
Invest in Islamic stocks with low entry fees	1.2*	-1.3*	0.04*	-1.1*	1.1*	0.4*
Look further at the company's financial where to invest about operational costs	0.9*	-1.1*	-0.2*	-0.5*	0.7*	0.4*

Source: processed data (2022)

In Table 2, the t-test based on two-tailed significance was conducted. By comparing individuals with high religiosity to those with low religiosity, the t-values showed that in the financial aspect, there is a significant and positive value. In other words, considerations based on financial aspects and its four criteria are taken into account in making investment decisions. As for the information aspect, both respondents, regardless of their level of religiosity, showed positive and significant t-values in the criteria related to obtaining investment information in Shariah stocks based on ISSI recommendations and financial reports, as well as their interest in Shariah stocks through financial reports in magazines, newspapers, or mass media. This indicates that the more frequent information about Shariah stock investments is obtained, whether from ISSI financial reports or magazines and newspapers, the more positively significant it becomes in investment decision-making.

Different results are observed in the table above when comparing based on gender. Comparing gender, it is apparent that both males and females show significant values in the financial aspect of investment. However, the four criteria within the financial aspect have significant but negative values. This means that, based on gender, there is a significant but negative response related to financial aspects in investment decisions.

Specifically, the first two criteria, investing in Shariah investment companies in Indonesia and investing in stock companies in Malaysia, show significance but negative values. However, the criterion of investing in the oldest Shariah investment company shows significant and positive results. This indicates that nationality is not a determining



factor in investment decision-making, but the experience of the investment company plays a crucial role. The more experienced a Shariah investment company is, regardless of its origin, the more positively significant it becomes in investment decisions. The same holds true for the information aspect. The three criteria in this aspect all show significant values. In other words, information remains a consideration. However, the accuracy of the information is crucial in investment decisions. The lower the quality of information from ISSI, financial reports in magazines and newspapers, or colleagues and friends, the more it affects investment decisions.

Regarding the high religious group when comparing between males and females, it was found that the t-values in the financial aspect for the investment variable show significance in both criteria within this aspect. However, in the first, second, and fourth criteria, those with high religiosity show a significant but negative response. This means that, concerning the financial aspect, respondents with high religiosity respond negatively to conducting investment transactions when the stock index is above average and selling stocks when the stock index is below average.

The same response is shown by respondents in the criterion of looking further into the financial position of the company they invest in. This response is also seen in the criterion of investing while considering and looking at a company's good financial analysis. However, a significant and positive response is shown in the criterion of investing in Shariah stocks with low entry costs. This means that, for the high religious group, the financial aspect of investment includes the consideration of operating costs in their investment decisions. The lower the operating costs, the more positively significant it becomes in determining investment decisions. On the other hand, in the information aspect, the high religious group provides a significant but negative response. This means that information remains a significant consideration in investment decisions. However, the reliability of information is essential for those with high religiosity.

For those in the low religious group, both those with high religiosity and low religiosity, the financial aspect is considered in their investment decisions. This is indicated by the significant and positive t-values in all four criteria within the financial aspect. As for the information aspect, it shows that in investment decision-making, information is an important aspect. This is demonstrated by the significant positive t-value results. This means that the more accurate the information, whether from ISSI,

magazines, newspapers, or friends, the more positively significant it becomes in investment decisions.

Based on the above analysis, it can be concluded that religiosity can significantly influence investment decisions, as seen in both the financial and information aspects. According to the results of the above analysis, the following can be inferred: Referring to the criteria table above, the financial aspect is not a consideration in investment decisions. However, several previous studies have shown that religious influence is a determinant in making investment decisions in Shariah stocks, as there is a comparison of behaviors between individuals with higher religious levels and those with lower religious levels. In addition to religiosity, gender is also shown to be a determining factor, with men tending to have higher confidence in making investment decisions compared to women. Men tend to allocate their investments to higher-risk levels, while women prefer to invest in lower-risk areas. Although Islam's sharia law does not differentiate between men and women in business, many researchers compare the behavior of men and women in perception and investment decision-making.

In the survey conducted by researchers, as shown in the table above, the average value of the criteria in this aspect has the lowest rank compared to other criteria, which are 24, 18, 20, 19. This means that this group indicates that individuals with high religiosity do not consider financial criteria when making investment decisions at Islamic college students. When viewed from the gender perspective, it can be seen and compared with previous research that male students at Islamic colleges are more confident in allocating funds for investment compared to female students, as they tend not to base financial criteria on their religious beliefs.

The output results for UNWIDHA students show that the financial criteria are still considered in investment decisions, as indicated by ranks: 22, 6, 13, 11. A rank of 6 shows that investors still invest by considering the good financial position of the company. This is consistent with previous research that places financial criteria as the most important consideration in making investment decisions (Bradley, 2001). In contrast, another study (Brimbel, 2005) states that there is a positive difference faced by investors in determining investment based on religiosity.

Based on the above analysis, it can be said that there are behavioral differences between individuals with high religiosity and those with low religiosity. Those with high

religiosity still prioritize religious-based investments, while those with low religiosity consider financial criteria in making investment decisions. Similarly, regarding gender differences, there is a significant difference where men have more confidence in investment decisions based on financial criteria, while women still consider Islamic Sharia in making decisions for Sharia-based investments.

In the analysis of the information criteria, the t-values showed significant positive results. This means that the more accurate the information, whether from ISSI, magazines, newspapers, or friends, the more significant and positive it becomes in investment decisions. According to the results of the research table above, both Islamic college and UNWIDHA students greatly consider the decision-making in investment based on accurate information, where information plays an important role in investment decisions. However, in previous research conducted by Bradley (2001), in his study, it was explained that information criteria ranked third after individuals chose financial criteria. Both groups, high and low religious levels, generally agreed on the importance of this attribute and no statistically significant differences were found.

**Table 3.** Results of Conjoint Analysis: Religiosity and Investment

Factor	Avg Importance		Level	REL 1		REL 2		Diff in Rank
	REL 1	REL 2		Utility	Rank	Utility	Rank	
Performance	62.5	56.30	Transactions at above average stock prices	0.166	12	0.176	12	0
Rating	76.5	72.60	Invest in companies that have good ratings	0.256	4	0.347	2	2
Cost	73	65.93	Invest in companies that have low entry costs	0.244	5	0.319	3	2
Information Sources	70	62.72	Corporate finance that determines operational costs	0.239	7	0.302	5	2
			ISSI financial analysis	0.307	3	-0.152	18	15
			Financial reports through the media	0.138	13	0.035	15	2
			Friend's suggestion	0.175	10	-0.063	17	7

Source: processed data (2023)

Based on the results of both descriptive and statistical analysis in Table 4, it is evident that individuals with low religiosity prefer company performance, particularly in stock transactions, as their preference in investment. This can be interpreted as financial

factors being the preference of the low religiosity group. On the other hand, many high religiosity individuals choose Shariah-based investments as the basis for their investment decisions.

## **CONCLUSIONS AND SUGGESTIONS**

The results of the analysis and discussion, both descriptively and statistically, indicate that religiosity level influences investment decisions in the financial aspect. This research shows that religious activities, in the context of shariah stock investment, play a significant role, where those with higher religiosity are more likely to choose investments that align with their islamic beliefs. In this study, a slight difference was found between individuals with high religiosity and those with low religiosity, where the high religiosity group considers financial criteria, while the low religiosity group still values financial criteria more than religious beliefs. Furthermore, information criteria also act as a determinant in investment decisions for both individuals with low and high religiosity. Both groups consider investing in shariah stocks that are clearly defined, accurate, and have a long history, which can increase their confidence in investing in those stocks.

Regarding gender, the behavior of men and women in investment decisions shows homogeneity, where men with high religiosity are more risk-prone in making decisions on shariah stock investments compared to men with low religiosity. On the other hand, both women with high religiosity and women with low religiosity still consider investment criteria in making investment decisions. This indicates that financial and information criteria are factors that can influence individuals in making investment decisions in shariah stocks, regardless of their religiosity level.

It is suggested that there may be weaknesses in the religiosity indicators used in this study, and it is recommended for future researchers to add other research variables that influence investment decision-making behavior based on religiosity. It is also encouraged to expand the research variables and increase the number of respondents in future studies.

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